United Nations A/53/895/Add.2

General Assembly

Distr.: General
1 April 1999

Original: English

Fifty-third session
Agenda item 124 (a)
Financing of the activities arising from Security Council resolution 687 (1991): United Nations Iraq-Kuwait Observation Mission

Financing of the activities arising from Security Council resolution 687 (1991): United Nations Iraq-Kuwait Observation Mission

Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financial performance of the United Nations Iraq-Kuwait Observation Mission (UNIKOM) for the period from 1 July 1997 to 30 June 1998 contained in document A/53/782 and on the proposed budget for the 12-month period from 1 July 1999 to 30 June 2000 contained in document A/53/817. During its consideration of the reports, the Advisory Committee met with representatives of the Secretary-General, including the Chief Administrative Officer, who provided additional information.

Financial performance for the period from 1 July 1997 to 30 June 1998

2. As indicated in paragraph 3 of the Secretary-General's report (A/53/782), the amount approved by the General Assembly for the period from 1 July 1997 to 30 June 1998 for the maintenance of UNIKOM was $51,487,500 gross ($49,599,300 net), inclusive of $1,952,100 for the support account for peacekeeping operations. Taking into account the two-thirds share of the net amount (i.e., exclusive of the support account) equivalent to $33,066,200, to be funded through voluntary contributions from the Government of Kuwait, an amount of $18,421,300 gross ($16,533,100 net) had been assessed on Member States.

3. Expenditure for the period totalled $48,092,000 gross ($46,515,000 net), resulting in an unencumbered balance of $3,395,500 gross ($3,084,300 net). As indicated in the summary of the Secretary-General's report, the unencumbered balance resulted mainly from lower catering costs under rations for military contingents, civilian vacancies, cost-sharing arrangements with the United Nations Office of the Humanitarian Coordinator for Iraq for

99-09690 (E) 070499

fixed-wing aircraft and reduced requirements under communications and supplies and services. In this connection, the Advisory Committee notes, from paragraph 7 of the Secretary-General's report on the financial performance of UNIKOM that all projects included in the approved budget for the financial year 1997–1998 were implemented in the course of the year.

4. The Advisory Committee was informed that troop cost reimbursement up to 31 May 1998 totalled $59.6 million, while the amount owed for the period from 1 June 1998 to 31 January 1999 was $7.9 million. With regard to contingent-owned equipment, the Advisory Committee was informed that, as at 31 December 1998, an amount of $4.3 million had been reimbursed, the estimated amount owed was $3.5 million, while unliquidated obligations in respect of contingent-owned equipment totalled $3.8 million. The Advisory Committee was informed that reimbursement to Governments for equipment provided to the Mission was based on the old reimbursement system of 10 per cent of its value per year. With regard to death and disability compensation, as at 31 December 1998, the amount paid was $404,304, there were six claims submitted and three pending claims; unliquidated obligations amounted to $1,547,900 as at 31 December 1998.

5. The Advisory Committee notes from table 2 and paragraph 2 of annex II of the Secretary-General's report that there was a continued high vacancy rate for international and local civilian staff. While provision was made for 72 international staff, inclusive of a 10 per cent vacancy factor, the actual monthly strength averaged 56, representing an average monthly vacancy rate of 22 per cent. The Advisory Committee was informed that, as at 31 December 1998, the situation remained basically unchanged, since only 60 of the 72 posts were encumbered. On enquiry, the Advisory Committee was informed that UNIKOM has experienced difficulty in retaining those staff who are "Mission appointees", in part because of the differential in salary and emoluments between this category of staff and other international personnel. It is expected that the Mission will endeavour to arrange for transfer of international staff from other Missions that are closing down. The Mission also continued to experience difficulty in recruiting local staff.

6. The Advisory Committee notes from annex II to the Secretary-General's report that savings were achieved through non-utilization of resources for procurement purposes. The Advisory Committee was informed that, in a number of cases, procurement of equipment was postponed because the Mission's needs were being reviewed. With regard to communications equipment, procurement was postponed because the efficacy and cost-benefit effect of change from analog to digital equipment was being reviewed. The Committee notes from paragraph 7 of annex II to the Secretary-General's report that, with respect to air operations, there was an unutilized balance of $231,100, owing in part to the inclusion of the air crew subsistence allowance in the contract for air operations. The Advisory Committee recommends that, in future, other Missions explore the possibility of including air crew subsistence allowance in the contract for air operations.

7. The Advisory Committee notes the explanation for the overexpenditure of $45,400 indicated under transport in paragraph 6 of annex II to the Secretary-General's report. Part of this amount was attributable to the costs for diesel fuel for which a corresponding underexpenditure has been indicated under premises/housing in paragraph 4 of annex II of the same report.

8. As indicated in paragraph 14 of the report, the action to be taken by the General Assembly in connection with the financing of UNIKOM is a decision on the treatment of the unencumbered balance of $3,395,500 gross ($3,084,300 net) for the period from 1 July 1997 to 30 June 1998. The Advisory Committee recommends that the unencumbered balance

be credited to Member States, it being understood that two-thirds of the amount would first be refunded to the Government of Kuwait.

Overpayment and recovery of mission subsistence allowance

9. The Advisory Committee recalls its comments in paragraphs 6 to 16 of its report A/52/860/Add.7 with regard to the question of overpayment of mission subsistence allowance and recovery of the amounts overpaid. In that report the Committee had outlined the existing position in respect of the amounts overpaid and the amounts recovered. The Committee had also requested that a separate report be submitted to the General Assembly at its fifty-third session on developments related to the issue of overpayment of mission subsistence allowance and compensatory time off; the General Assembly, in its resolution 52/238 of 26 June 1998 had endorsed the Committee's request.

10. The Committee, however, regrets that the report providing updated information on developments relating to the issue of overpayment of mission subsistence allowance and compensatory time off, including measures taken with respect to those responsible for the overpayment on the basis of the conclusion of the inquiry, as requested in paragraph 18 of Assembly resolution 53/238, is not available. The Committee was informed that the report is under preparation, in particular that part of it dealing with measures taken with respect to those responsible for the overpayment on the basis of the conclusion of the inquiry.

Cost estimates for the period from 1 July 1999 to 30 June 2000

11. As indicated in the summary of the Secretary-General's report A/53/817, the cost of maintaining the Mission for the period from 1 July 1999 to 30 June 2000 is estimated at $50,777,800 gross ($48,782,900 net). Two thirds of this amount is to be funded through voluntary contributions from the Government of Kuwait. The proposed budget represents a 3 per cent increase in gross terms compared with the resources approved for the preceding 12-month period.

12. The estimate provides for 195 military observers and 908 contingent troops. It also provides for 65 international and 150 local staff after the application of a 10 per cent vacancy factor to civilian posts.

13. As indicated in paragraph 22 of the Secretary-General's report (A/53/817), the reason for the increase in requirements is mainly the result of an increase in civilian personnel costs and staff assessment due to higher rates of 1999 standard salary and an addition of one P-3 post, offset partially by the abolition of 1 General Service post. Other increases are attributable to increased requirements under operational costs due to higher premises/accommodation costs, air operations, first-time provision of naval operations, communications and other equipment and supplies and services.

14. With regard to the establishment of a new air safety/air operations officer post at the P-3 level, the Advisory Committee notes the information in paragraph 19 and in annex II.D to the Secretary-General's report and recommends approval of the post. The Advisory Committee was informed that it was envisaged that, for the period 1 July 1999 to 30 June 2000, the air safety/air operations officer in UNIKOM would provide services to the United Nations Peacekeeping Force in Cyprus (UNFICYP) on an "as and when available" basis and that travel and daily subsistence allowance would be reimbursable. The Committee was informed that, thus far, the services of the air safety/air operations officer have been provided to UNFICYP by the United Nations Interim Force in Lebanon (UNIFIL), also on a reimbursable basis.

15. Naval operations are included for the first time in the UNIKOM cost estimates. The Advisory Committee notes from paragraph 25 and paragraphs 12 and 13 of annex I.C of the Secretary-General's report, that UNIKOM will have four patrol boats provided by the Government of Kuwait at no cost to the United Nations. The Advisory Committee was also informed that the Bangladesh battalion of UNIKOM will provide a boat crew within its existing strength. Other resource requirements included in the proposed 1999–2000 budget in connection with this activity cover the cost of initial inspection tests, maintenance and fuel costs and war risk insurance coverage.

16. While the Advisory Committee appreciates and welcomes the use of past experience as the basis for some of the estimates, as reflected in annex II.A of the Secretary-General's report, the Committee is of the opinion that the increases/decreases should have been better explained and cross-referenced in the report. For example, the decreased requirements for military personnel costs and the increased requirements for contractual services could have been better explained. The Committee's understanding of the increase in generator fuel costs from $6,000 under the "previous submission" column to $26,855 under the proposed estimates column was only possible on the basis of the explanation in the performance report (see para. 7 above); the budget report lacks such an explanation. The Advisory Committee also found annex II.C on inventory management difficult to analyse. In some cases material has been included as currently available when it had been previously indicated that it would be replaced; in other cases, items which were supposed to have been acquired do not show in the inventory. The Advisory Committee requested additional information on these issues.

17. The action to be taken by the General Assembly is proposed in paragraph 28 of document A/53/817. Taking into account its comments and observations in the paragraphs above, the Advisory Committee recommends that the budget for UNIKOM for the period from 1 July 1999 to 30 June 2000 be approved at $50,777,800 gross ($48,782,900 net), including the amount of $32,521,900 net representing two thirds of the cost to be funded through voluntary contributions from the Government of Kuwait.